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Pakistan

Cotton and Products

Cotton Update

2008

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Report Highlights:

The MY 2008/09 cotton area forecast is lowered 8 percent to 2.8 million hectares. Heavy rains and floods followed by pest attack are likely to adversely affect cotton productivity. Field surveys reveal that 60 percent of 2008 crop cotton was planted to illegal Bt cotton varieties. The supply/demand gap has raised local prices. The deficit will be bridged via imports - with a significant share for U.S cotton.

Includes PSD Changes: No
Includes Trade Matrix: No
Semi-Annual Report
Islamabad [PK1]
[PK]

Acreage Forecast Lowered 8 Percent

Pakistan's MY 2008/09 cotton area is now forecast at 2.8 million hectares, 8 percent less than the earlier forecast (PK8020) due to substitution to rice and corn. The Government of Pakistan fixed the cotton production target at 11 million bales (480 pounds) from an area of over 3 million hectares.

Post's earlier production forecast of 9.375 million bales still holds provided the crop remains under control from the attack of two severe pests: cotton leaf curl virus (CLCV) and mealy bugs. This year, above-average monsoon rains are predicted; to date, heavy rains and floods have inundated over 100,000 acres of cotton. Scientists fear that the flow of rainwater can act as a carrier for widespread attack of mealy bugs, which normally occurs only in patches. Existing humid conditions are conducive to outbreaks of white fly, the suspected carrier of the deadly virus CLCV. There are reports that sufficient stocks of pesticides to control these pests are not available to the private sector.

Serious Energy Crisis and Price Hikes Hit the Local Market

The serious energy crisis in Pakistan is taking a toll on cotton production, particularly for growers in far-flung areas with limited access to alternative energy sources. Of concern is the high cost of inputs combined with escalating operating expenses. Extended electrical load shedding, when power is cut off for many hours at a time, reduces considerably supplemental irrigation through tube wells in rural areas. Recently, the local price for cotton lint soared to a new height of Rs. 4300 per 40 Kg (US\$ 325 per 480 lb bale), wrecking havoc amongst cotton traders.

Pakistan Expected to Remain a Net Importer in MY 2008/09

Pakistan's cotton consumption for MY 2007/08 is forecast at 12.175 million bales 480 pounds). The country is projected to be a net importer as a result of strong domestic demand for better grades of cotton. The textile industry normally imports extra long staple and medium long staple contamination-free cotton from the United States, especially for export-oriented finished products. Cotton Council International (CCI) recently ranked Pakistan as the 6th largest importer of U.S. cotton, importing 497,000 bales (338,000 bales of upland cotton and 159,000 bales of Pima cotton) from the United States during MY 2007/08.

OTHER RELEVANT REPORTS

REPORT #	SUBJECT	DATE SUBMITTED
PK8020	Cotton Annual Report	05/23/2008
PK8009	Cotton and Products: Trade Report FY 2004-2006	03/17/2008
PK8002	MY 2008/09 Cotton Outlook	02/04/2008
PK8001	Cotton Update: 2007/08 Crop Production Reviewed	01/15/2008
PK7010	Cotton Annual Report	05/23/2007

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